

## A-2 Decision Package Example

### State of Washington Decision Package

**Agency:** 240 Department of Licensing  
**Decision Package Code/Title:** HE Six-Year Driver License  
**Budget Period:** 2005-07  
**Budget Level:** Performance Level

*Please note: This sample Decision Package is based upon an actual decision package used by the Department of Licensing but has been amended for purposes of providing this example.*

### Agency Recommendation Summary Text:

The four-year driver's license (and associated endorsements) renewal cycle is converted to a six-year cycle (including motorcycle and commercial driver license endorsements). Wait times will be reduced for Washington residents getting driver license renewals. The conversion will be phased in over a six-year period.

Operating Expenditures		<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
106-1 Highway Safety Account		\$ 77,000	\$238,000	\$ 315,000
	<i>Total Cost</i>	\$ 77,000	\$238,000	\$ 315,000

Staffing		<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
	FTEs	0.0	4.5	2.3

Revenue Detail	<u>Fund</u>	<u>Source</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
106-1 Highway Safety Account		0254	\$ 0	\$ 5,492,000	\$ 5,492,000
082-1 Motorcycle Safety Account		0254	0	249,000	249,000
<b>Total Revenue</b>			<b>\$ 0</b>	<b>\$ 5,741,000</b>	<b>\$ 5,741,000</b>

### Package Description:

The department proposes to extend the time between driver license renewals and associated endorsements from four years to six years. This change will decrease renewal wait times and improve customer service. Furthermore, reducing the volume of transactions processed at each License Service Office (LSO) has the benefit of freeing up more time for staff to improve other services. This initiative is also an element of the Department of Licensing's performance-based budget request required under Section 503 of ESSB 6456. This decision package only affects the Examining and Licensing Citizens to Operate Motor Vehicles activity.

Although the average wait time across the state is approximately 11 minutes and the actual time for delivering the service is about 9 minutes, an estimated 120,000 customers experienced wait times in excess of 30 minutes over the last two years. The average statistic masks a significant customer service problem of excessive wait times. During peak business hours, many customers experience wait times of an hour or more.

Longer wait times contribute to customer dissatisfaction with the department and state government as shown by our customer comment cards. A review of almost 2,000 comment cards over the last year reveals that 60 percent of those persons who waited more than 20 minutes for a renewal said the service “needs improvement.” And of those who waited more than 40 minutes, 82 percent said the service needs improvement. On the other hand, of those customers who waited less than 20 minutes, 91.5 percent reported that the service was either “Excellent” or “Above Average.” In short, wait times are a critical factor in determining the public’s perception of service quality as provided by the Licensing Service Representatives (LSRs).

Long waits are a source of frustration for LSRs as well. Their ability to provide high-quality service to customers suffers from the high volume of workload. This is particularly true as they must serve customers who, due to excessively long waits, are dissatisfied with the agency’s service even before they are called up to the counter.

Customers not receiving service within their own available time frames often leave the LSO only to have to return on another occasion. Customer comment cards identifying this problem and the dropout rate recorded from “take-a-number” (Q-Matic) stations confirm that this is true. When the number of customers and wait time increases, the number of abandoned line positions increases.

Greater language diversity, population growth, and the simultaneous graying of the baby boomers and the effect of the baby boom “echo” mean that more customers are requesting service. In addition, many of these services, such as disabled parking placards, require greater involvement and time of the LSR. Yet staff growth has not kept pace with these service demand increases.

### Success in Other States

Currently, 32 other states and half the Canadian provinces have enacted legislation providing for license renewal cycles in excess of four years (see table below). Some states have renewal and extension periods as great as 16, 15, and 8 years. Nationwide statistics on motor vehicle traffic fatalities and injuries have not shown a negative traffic safety impact from the extended license renewal cycles. The fatality and injury accident rates in jurisdictions with renewal cycles in excess of four years are consistently within the same range as states with renewal cycles less than or equal to four years.

#### States with Renewal or Extension Periods Greater than Four Years

Alaska	Louisiana	Rhode Island
Arizona	Maine	South Carolina
California	Maryland	South Dakota
Colorado	Massachusetts	Tennessee
Connecticut	Michigan	Texas
Delaware	Montana	Utah
District of Columbia	New York	Virginia
Florida	North Carolina	West Virginia
Hawaii	Nevada	Wisconsin
Idaho	North Dakota	Wyoming
Kansas	Oregon	

#### Canadian Provinces with Renewal or Extension Periods Greater than Four Years

Alberta	Newfoundland	Ontario
British Columbia	Nova Scotia	

### **Why a Six-Year Implementation Period Is Necessary**

In order to smooth the workload and revenue collection over the next four biennia, the current renewal licenses must be distributed as evenly as practicable. If this “smoothing” did not happen and every driver that came in for a license renewal during the next four years were given a six-year renewal, by the fifth and sixth years, the only applicants coming into the office would be those getting an original license. This would equate to an 88 percent drop in workload activity. Staff will have little work for two years (and excellent wait time performance measures); but in years eight, nine, ten, and eleven, the workload would dramatically increase again to process the renewals, and wait times would be intolerable.

In essence, the renewal workload cycle would be heavy for four years, creating tremendous wait times, then almost nonexistent for two years, then heavy again for four years, etc. Staff levels would be difficult to maintain in an irregular cycle of this type. In addition, the revenue flow would follow the same irregular pattern.

### **Proposed Implementation Plan**

The implementation plan follows the principles that no individual will go longer than six years without visiting an LSO and no one has to go to an LSO more than once every four years during the transition. By using a pattern of four-year renewals (the current renewal period), two-year renewal extensions, and six-year renewals, the two-year gap in renewal license activity is filled without requiring the customer to visit a LSO more than they currently do under the four-year system.

An additional four temporary employees will be required to process and issue mail-in extensions of current driver licenses. These FTEs are needed to ensure that customers understand and complete the necessary steps to achieve a balanced workload.

Between July 1, 2004 and June 30, 2006, approximately two-thirds of the customers renewing their driver licenses and associated endorsements will move to a six-year cycle. One-third of the renewing customers will be given a two-year extension of their existing four-year license. They will then be on a six-year cycle. All original licenses will be issued for six years and those licensees will continue on a six-year cycle.

Between July 1, 2006 and June 30, 2008, approximately one-third of the renewing customers will renew for four years, as they do today, and will move to a six-year cycle on their next renewal. The other two-thirds of the customers renewing their driver licenses and associated endorsements will move to a six-year cycle. All original (first-time Washington licenses) licenses will be issued for six years and those licensees will continue on a six-year cycle.

Starting on July 1, 2008, implementation of the six-year renewal cycle is complete. All original licenses and renewal licenses will be issued for a six-year period.

### **Performance Effects**

As a result of moving to a six-year license, wait times for renewal licenses will drop by almost a third. This effect will be seen in the third year of implementation. The initial two years will not see a drop in renewal traffic at the office. However, by the third year an estimated 325,000 fewer people will not be required to come to an LSO. The effect on wait time is direct in that where there once were six people in line for renewals, there will now be only four – a one-third decrease in renewal wait time is anticipated. This will also have a significant effect on the maximum wait times.

As part of the performance-based budget package, this proposal represents one of the key elements of the three-pronged approach for achieving performance improvement related to wait and service times for license renewals. The three elements address improved peak-load capacity (Increase Staffing in LSO Offices, Decision Package HG), reduced workloads (Six-Year Licensing, Decision Package HE), and faster delivery of service (Improved Driver License, Decision Package HD). Among these three approaches, this proposal has the least immediate effect on wait times, though the revenue impact does begin to occur in the 2005-07 Biennium. From among the three approaches, by the 2007-09 Biennium, it will have the broadest impact on wait times in all offices.

This proposal is also the best example of the benefits of strategic planning over a six-year period. Using a long-range perspective made possible by strategic planning, initiatives that add value beyond the 2005-07 Biennium can be evaluated with a focus on achieving a coherent agency vision. This process moves the agency away from the short-term, incremental budget choices that characterize traditional budgeting and focuses our efforts on achieving our performance goals.

### **Increased Revenue Without a Fee Increase**

Currently, a fee of \$14 is charged to renew a license for a four-year period. This is equivalent to \$3.50 for each year of the license. That annual rate will not change. People renewing their license will be charged a fee equivalent to the number of years the license is in effect. For example, during the phased implementation: Those renewing for a six-year license will pay \$21 (\$3.50 x six years). Those renewing for four years will still pay \$14 (\$3.50 x four years). Those receiving a two-year extension pay \$7 (\$3.50 x two years). Motorcycle and commercial driver license endorsements (CDL) fees would be prorated in the same fashion. A renewal reminder postcard will be mailed to each licensee and will state the new renewal period and the appropriate fee.

As other states have done, the DOL implementation approach will have two-year extensions. DOL will send a renewal mailer to the customer instructing them to return the envelope with their \$7 renewal fee to DOL. DOL will mail back a special sticker, with instructions to adhere it to the back of the customer's license. To prevent fraud, the sticker will be produced with the customer's license number, name, current address, and the expiration date of their license. The sticker has a special adhesive that will cause the sticker to destruct if it is removed from the license. The date of expiration will be extended on the licensee's record in the Driver Division's computer database. This entry will allow law enforcement officers to verify license expiration dates whether a sticker is present or not.

The mail-in and extension process described above is not new to the department. DOL has extensive experience with handling mail-in renewals of licenses (both in Vehicles and Business and Professions) and in the use of special stickers. In many respects, the current vehicle licensing tabs are analogous to the licensing extension proposal.

## **Narrative Justification and Impact Statement**

### ***How contributes to strategic plan:***

To meet the agency goal to optimize the cost, accuracy, access, and speed of services to its customers, the agency proposes to extend the time between license renewals.

### **Performance Measure Detail**

**Goal: 1.0 Optimize the cost, accuracy, access, and speed of services to customers.**

	<b>Incremental Changes</b>	
	<b>FY 2006</b>	<b>FY 2007</b>
<b>Outcome Measures</b>		
1.1 Total renewal service completion time (in minutes).	<b>0.0</b>	<b>(4.1)</b>
1.2 Average renewal wait time (in minutes).	<b>0.0</b>	<b>(4.1)</b>
1.3 Average maximum renewal wait time (in minutes).	<b>0.0</b>	<b>(12.8)</b>
<b>Output Measures</b>		
1.4 Number of renewal customers in LSOs.	<b>N/A</b>	<b>(324,513)</b>
Efficiency Measures	<b>N/A</b>	<b>N/A</b>

### ***Reason for change:***

This will reduce customer wait time in the LSOs and allow for management of workload growth.

### ***Impact on clients and services:***

With fewer customers renewing beginning in Fiscal Year 2007, customers will experience shorter wait times. This also provides an opportunity for LSO staff to pay more attention to traffic safety and document security issues in a less stressful environment.

### ***Impact on other state programs:***

Extensive research and coordination has occurred between the Washington Traffic Safety Commission, the Washington State Patrol, and local law enforcement in the development on this decision package. All parties have concurred with the proposal from the aspect of public safety. The Traffic Safety Commission will be using this as a research opportunity to evaluate the effect of longer licensing periods on traffic safety among high-risk drivers.

### ***Relationship to capital budget:***

None

### ***Required changes to existing RCW, WAC, contract, or plan:***

This proposal will require changes to statutes (RCW 46.20.181 and RCW 46.20.505) and rule (WAC 308-100-050), which define the license expiration period and the renewal and endorsement fees, and establish when renewals will occur.

The statute, effective July 1, 2006, will need to be modified to authorize:

- A six-year license.
- The department to adopt policies consistent with the goal of effectively distributing its renewal workload over a six-year term. Such language would allow us to issue variable length licenses and license expiration extensions through June 30, 2008.
- The department to prorate license renewal and endorsement fees on a per-year basis.

***Alternatives explored by agency:***

DOL researched the option of increasing the number of FTE staff to provide an adequate number of staff to meet the goal of prompt, accurate service. However, an estimated 77 FTE staff would be needed to achieve a reduction in customer service renewal wait time equivalent to the results of this proposal and would require the costs of opening additional offices.

The 77 additional FTE staff would cost \$4.6 million each year (including agency support costs) and a capital budget package would be required to add five additional facilities in our busiest locations. The cost per facility is approximately \$2.5 million, depending upon location, for a total of \$12.5 million.

While additional FTEs form a part of the department's solution to address the service demand for LSO services and reducing customer wait times, the costs of an FTE-only solution (including the related facilities, supplies, and equipment) is not the most cost-effective approach.

Other options, which are not mutually exclusive, include: reduce the time it takes to actually provide the service through the use of improved technology, or reduce the service demands for other driver services and redirect the resources to renewal licensing.

***Budget impacts in future biennia:***

- FY 2008, a total of \$69,000 will be required for startup of the license extension process. Costs include printing, postage, goods and services, and travel costs required for implementation and training less estimated savings for renewal postcards that will not be printed.
- FY 2009, a total of \$214,000 will be required for the license extension process. This includes costs for printing, postage, goods and services less estimated savings for renewal postcards that will not be printed.
- FY 2010, a total of \$188,000 will be required for the license extension process. This includes costs for printing, postage, goods and services, less estimated savings for renewal postcards that will not be printed.
- FY 2011, an estimated savings of \$64,000 for renewal postcards that will not be printed.
- FY 2012 and beyond, no future budget impacts are anticipated.
- In subsequent biennia, the two FTEs provided in the 2005-07 Biennium will no longer be required, and a reduction of \$167,000 per year is proposed in the 2007-09 Biennium carry-forward level.

***Distinction between one-time and ongoing costs:***

The staffing costs in this decision package are one-time for the 2005-07 Biennium.

***Effects of non-funding:***

The effects of non-funding will be steadily increasing wait times for customers because of population growth, as well as impairment of the department's ability to promote traffic safety. The revenue acceleration that will not occur may result in the need for a fee increase within the current six-year planning horizon. The effect of non-funding on performance means that the reduction of wait times will not occur because drivers will be coming into licensing offices more frequently to review their licenses.

***Expenditure Calculations and Assumptions:***

**Revenues**

A significant acceleration of revenues occurs during the first four years of implementation. This is because persons receiving an original license or renewing their licenses will be paying \$7 sooner than under a four-year licensing period. As a result, revenues increase by about \$5.7 million in FY 2007.

**Expenditures**

DOL will need increased expenditure authority starting in FY 2006 to implement the first phase of the plan. This increase is primarily for additional temporary FTE staff (one-half time IT Systems Specialist 4, and four License Service Representatives 1) and one-time programming costs for system changes necessary to accommodate the six-year renewal cycle. Costs to Drivers Services for printing, mailing, and processing license extensions will not begin until the 2007-09 Biennium. These costs are estimated to be less than \$300,000.

<u>Object Detail</u>		<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
A.	Salaries	0	\$128,000	\$128,000
B.	Benefits	0	\$39,000	\$39,000
E.	Goods And Services	\$ 77,000	\$71,000	\$ 148,000
<b>Total Objects</b>		<b>\$ 77,000</b>	<b>\$238,000</b>	<b>\$ 315,000</b>

**Six-Year Estimates**

<u>Revenue</u>		<u>2005-07</u>	<u>2007-09</u>	<u>2009-2011</u>
082	Motorcycle Safety Account	249,000	(77,000)	(219,000)
106	Highway Safety Account	5,492,000	3,350,000	3,149,000
	Revenue Total	5,741,000	3,273,000	2,930,000

**Expenditure Estimates**

106	Highway Safety Account	315,000	97,000	(47,000)
<b>FTEs</b>		2.3	0.0	0.0